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NSC FOR SAMORE, CONNERY
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TAGS: AORC ENRG PREL KNNP
SUBJECT: IAEA/RANF: ELBARADEI ENCOURAGES ENGAGING BRAZIL,
ARGENTINA, EGYPT

REF: UNVIE 104 AND PREVIOUS

Classified By: Ambassador Gregory L. Schulte, 1.4 (b) and (d)

¶11. (C) This is an action message. Mission recommends that the President, should he conduct bilaterals, or Secretary Clinton at the Summit of the Americas reaffirm to Brazilian and Argentine interlocutors U.S. support for the development of multilateral nuclear arrangements (assured fuel supply; fuel bank) with IAEA participation, as indicated by President Obama in his Prague speech. Ambassador's April 8 conversation with IAEA Director General ElBaradei provided support for such an approach.

¶12. (C) Summary: IAEA DG ElBaradei confirmed his optimism about achieving IAEA Board approval for the Russian nuclear fuel reserve and an IAEA-administered fuel bank in September ¶12009. For a constructive June Board discussion to pave the way for the latter, he intends to have the Secretariat present a paper outlining the fuel bank concept, and may be able to announce that a host country (Kazakhstan) has stepped forward. For reasons of Board politics, ElBaradei will characterize Russia's proposal for a fuel reserve (details septel) only as a model the Secretariat has been discussing with Moscow. Asked for his advice on engaging the strongest skeptics, ElBaradei advocated going to the highest level of the Egyptian Government to make clear the fuel bank would have "zero impact" on the pursuit of a Middle East nuclear weapons free zone or other issues relating to Israeli capabilities. Brazil (especially the MOD) and Argentina, ElBaradei said, require assuring that an international fuel assurance mechanism is not a "trap" to oblige states not to enrich uranium unilaterally. End summary.

Optimism on U.S. Agenda, Fuel Assurances

¶13. (U) After a delay due to ElBaradei's two-week absence from Austria, Ambassador delivered on April 8 the letter from Secretaries Clinton and Chu thanking the DG for his leadership during the March Board of Governors meeting on the issue of multilateral nuclear fuel assurances and urging his continuing engagement. ElBaradei asked Ambassador to convey his appreciation for the letter and his commitment to work with the new Administration. ElBaradei related that throughout his Latin America trip (Venezuela, Bolivia, Ecuador and Cuba) nearly all his interlocutors (with the exception of Bolivian President Morales) had expressed hope

and positive interest in new relations with the U.S. ElBaradei said his message to each government had been to "help President Obama succeed." Regarding the President's April 5 Prague speech, ElBaradei said with a laugh that he could have written it himself.

¶4. (SBU) In delivering the Clinton/Chu letter, Ambassador reiterated that the U.S. relies on ElBaradei's leadership on the fuel assurances issue going forward. On process, the DG said he intends that the Secretariat will present a concept paper for an IAEA-administered fuel bank in advance to permit discussion in the June 15-19 Board of Governors meeting. (Note: External Relations, EXPO, chief Cserveny said later that drafting on the 4-5 page document was well advanced. End note.) Asked about the announcement by President Nazarbayev of Kazakhstan's preparedness to host a fuel bank storage facility, ElBaradei clarified that he had been informed by former Senator Nunn (at the Nuclear Threat Initiative) that a senior-level group in the GOK was considering the issue. If its recommendation to Nazarbayev were positive, Nunn would so inform ElBaradei. The DG hoped to be able to announce to the June Board that the necessary funding and a host nation were confirmed and to encourage the Board's constructive consideration. He repeated his advice that symbolic financial contributions ("even \$1 million each") from non-enriching states outside the Arabian Peninsula - he proposed Singapore, Indonesia, Chile - as well as from South Africa would go a long way in political terms.

Lobbying the Skeptics Still Required

¶5. (S) Ambassador said U.S. was thinking over how best to approach the main skeptics. ElBaradei recognized these as Egypt, Brazil, Argentina, South Africa, and Cuba. He replied that Egypt's position on fuel assurances "starts and ends with Israel." Advocates ought to go to the highest level in Cairo, even to President Mubarak, to make the argument: Israel will not have nuclear power plants, it is not a potential fuel bank beneficiary, and so the existence of a fuel bank would have "zero" (negative) impact on Egypt's pursuit of a Middle East Nuclear Weapons Free Zone. On Brazil, the DG opined the MOD was "calling the shots," the country had enrichment, and opposition to fuel assurances was grounded in suspicion of a "trap" - an eventual obligation for states to forego certain nuclear activities once their availability was internationally assured. Brazil and Argentina would require assurance against future discrimination.

¶6. (C) Ambassador advocated to ElBaradei that he do outreach on the issue as well, beginning with the April 20-22 Beijing nuclear energy ministerial. ElBaradei was non-committal and questioned whether the decision-makers from concerned states would be among the participants in Beijing, but he left open the possibility of talking up fuel supply there. He expressed himself optimistic overall that, properly managed, the Russian fuel reserve, the Secretariat concept for a fuel bank, and perhaps also the British/URENCO guaranteed export license ("enrichment bond") proposal could gain Board endorsement in September.

SCHULTE